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Message Text

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PAGE 01 STATE 151356

73
ORIGIN TRSE-00

INFO OCT-01 ARA-16 EUR-25 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02

SS-20 STR-08 TAR-02 PRS-01 SP-03 OMB-01 SWF-02 SSO-00

NSCE-00 USIE-00 INRE-00 FEA-02 /180 R

DRAFTED BY TREASURY:DRMACDONALD
APPROVED BY EB/ITP:MWGLITMAN
ARA:MR. KUBISH
EUR/IB:MR. SMITH
STR:AMB. MALMGREN
TREASURY:MR. SUCHMAN
EB/STA:MR. CRAWFORD
---------- 105827
O 1,2245Z JUL 74
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES IMMEDIATE
INFO AMEMBASSY MADRID IMMEDIATE

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E.O. 11652: N/A
TAGS: ETRD, US, AR, SP
SUBJECT: COUNTERVAILING DUTIES

1. TREASURY PLANS TO RELEASE MONDAY AT NOON WASHINGTON TIME THE FOLLOWING:

2. ASSISTANT SECRETARY OF THE TREASURY DAVID R. MACDONALD ANNOUNCED TODAY THE ISSUANCE OF COUNTERVAILING DUTY PROCEEDING NOTICES OPENING FORMAL INVESTIGATIONS INTO IMPORTS OF NON-RUBBER FOOTWEAR FROM ARGENTINA AND SPAIN, AND BOTTLED OLIVES FROM SPAIN.
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PAGE 02 STATE 151356

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

3. THE NOTICES STATE THAT THE TREASURY DEPARTMENT HAS RECEIVED INFORMATION WHICH APPEARS TO INDICATE THAT THE ARGENTINE AND SPANISH GOVERNMENTS MAKE CERTAIN PAYMENTS, BESTOWALS, REBATES OR REFUNDS UPON THE MANUFACTURE, PRODUCTION OR EXPORTATION OF THESE PRODUCTS, WHICH CONSTITUTE THE PAYMENT OR BESTOWAL OF A "BOUNTY OR GRANT" WITHIN THE MEANING OF THE US COUNTERVAILING DUTY LAW. IF TREASURY FINDS THAT A BOUNTY OR GRANT HAS BEEN PAID OR BESTOWED, THE IMPORTS IN QUESTION WOULD BE SUBJECT TO AN ADDITIONAL "COUNTERVAILING" DUTY EQUIVALENT TO THE NET AMOUNT OF THE BOUNTY OR GRANT. THE COUNTERVAILING DUTY WOULD BECOME EFFECTIVE 30 DAYS AFTER PUBLICATION OF THE ORDER IN THE CUSTOMS BULLETIN.

4. THE NOTICE, WHICH IS BEING PUBLISHED IN THE JULY 16, 1974, FEDERAL REGISTER, INVITES SUBMISSION OF COMMENT TO BE RECEIVED WITHIN 30 DAYS OF PUBLICATION.

5. DURING CALENDAR YEAR 1973, THE APPROXIMATE AMOUNT OF IMPORTS OF NON-RUBBER FOOTWEAR FROM ARGENTINA WERE 16 MILLION DOLLARS, AND FROM SPAIN 189 MILLION DOLLARS. BOTTLED OLIVE IMPORTS FROM SPAIN WERE APPROXIMATELY 33 MILLION DOLLARS.

6. IN MAKING THE ANNOUNCEMENT, ASSISTANT SECRETARY MACDONALD NOTED "THE ADMINISTRATION OF COUNTERVAILING DUTY LAW IS A MANDATORY PROCEDURE. THE SECRETARY OF THE TREASURY HAS NO DISCRETION TO REFRAIN FROM PUBLISHING A PROCEEDING NOTICE ONCE HE HAS FOUND THAT A FORMAL INVESTIGATION IS WARRANTED. DURING THE FORMAL INVESTIGATION OF THESE CASES THE TREASURY DEPARTMENT WILL CONTINUETO CONSIDER ANY MATTERS BROUGHT TO ITS ATTENTION, INCLUDING MATTERS WHICH OTHER GOVERNMENTS MAY WISH TO MAKE THE SUBJECT OF CONSULTATIONS, WHICH HAVE A BEARING ON THE EXISTENCE OR NON-EXISTENCE OR THE EXTENT OF ANY BOUNTY OR GRANT.

7. "THE ULTIMATE PURPOSE OF THE LAW IS NOT TO OBTAIN TAX REVENUE BUT TO REMOVE ANY UNFAIR COMPETITION IN THE US MARKET BETWEEN IMPORTS AND DOMESTIC PRODUCTS. THE MOST LIMITED OFFICIAL USE

DESIRABLE RESULT, IN MY OPINION, WOULD BE THE WITHDRAWAL BY FOREIGN COUNTRIES OF ANY BOUNTIES THAT MAY BE PAID UPON THEIR EXPORTS. IF THIS OCCURRED, WE WOULD NEVER HAVE TO ASSESS ADDITIONAL DUTIES UNDER THE COUNTERVAILING DUTY STATUTE. IN ADDITION, THE TRADE REFORM ACT NOW UNDER CONSIDERATION BY THE CONGRESS SHOULD ENABLE US TO NEGOTIATE MULTILATERALLY THE ELIMINATION OF SUBSIDIES AND

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OTHER NON-TARIFF TRADE BARRIERS AND TRADE DISTORTING
MEASURES, AND THUS IMPROVE THE INTERNATIONAL TRADE FRAME-
WORK AND REDUCE THE NECESSITY FOR COUNTERVAILING DUTY
PROCEDURES." KISSINGER

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Draft Date: 12 JUL 1974
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